Government expenditure (Plan and Non-Plan) on Social Services, rural development, etc., as a percentage of GDP at current market prices was 1.7 per cent, and as a percentage of the total expenditure it was 10.5 per cent.

(c) The proposals made by different organizations and associations including individuals, are kept in view by the Governemnt while formulating appropriate economic policies.

Restructuring of IDBI

1379. DR. C. NARAYANA REDDY: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that Government propose to restructure Industrial Development Bank of India (IDBI);

(b) whether Government propose to repeal the IDBI Act; and

(c) if so, what are the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Government is contemplating to repeal the IDBI Act, 1964 and convert IDBI into a company under the Companies Act, 1956.

(c) The Narasimham Committee-II suggested that Financial Institutions should convert ultimately into commercial banks or non-banking financial companies. The Khan Working Group set up by the Reserve Bank of India also recommended that Developmental Financial Institutions should be allowed to convert into banks at the earliest. Accordingly, Government has decided to corporatise Industrial Development Bank of India and permit it to undertake banking business.

State Finance Minsiters' Conference on basic perks of Government employees

1380. SHRI K.B. KRISHNAMURTHY: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) the issues discussed during the recently held State Finance Ministers' Conference in New Delhi;

(b) whether the States, which are on verge of bankruptcy, have strongly expressed their reservations on the Centre's munificent and profligate act of implementing the Fifth Pay Commission Report, forcing them to

follow suit;

(c) whether the States have suggested curtailment of basic perks, lowering retirement age and a 2-year freeze on DA to tide over the situation; and

(d) if so, what is Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) to (d) A meeting of the all State Finance Ministers on Fiscal situation of states under the Chairmanship of Union Minister of Finance and Company Affairs was held on 7th September, 2002 at New Delhi in the context of the problems of frequent cash imbalances being faced by some States. At the meeting, discussions were held on the fiscal situation of States which, *inter-alia*, included issues on (i) impact of the recommendations of the Vth Central Pay Commission on the Pay revision and the consequent effect on State Finances, (ii) Debt position of States, (iii) Debt Swap proposal, (iv) Steps for improving revenue collections, (v) Routing of funds under Central Sponsored Schemes, (vi) Overdraft Regulation Scheme of RBI, and (vii) Implementation of the Supreme Court's judgement of 21-3-2001 in All India Judges' Association case with regard to the recommendations of the First National Judicial Pay Commission.

Steps to reduce non plan expenditure which, inter-alia, included issues on DA, bonus and pension were considered. However, in view of the nature of issues involved in containing this expenditure, the State Finance Ministers decided that these issues may be addressed in the meeting of Prime Minsiter with the state Chief Minsiters to arrive at a consensual approach. As no consensus emerged at the meeting of Chief Minsiters, it was resolved that the State Governments and the Union Government will take decisions on their own.

Guidelines for non-governance provident fund

1381. SHRI C.P.THIRUNAVUKKARASU: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the non-implementation of the Central Government guidelines for investments by non-governance provident fund in States and Centre has come to his notice;

(b) if so, the details thereof alongwith the losses suffered by the employees; and